

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 1999.

(U 39 M)

Application 97-12-020
(Filed December 12, 1997)

Investigation into the Reasonableness of Expenses Related to the Out-Of-Service Status of Pacific Gas and Electric Company's El Dorado Hydroelectric Project and the Need to Reduce Electric Rates Related To This Non-Functioning Electric Generating Facility.

Investigation 97-11-026
(Filed November 19, 1997)

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Decrease its Rates and Charges for Electric and Gas Service, and Increase Rates and Charges for Pipeline Expansion Service.

Application 94-12-005
(Filed December 9, 1994)

Order Instituting Investigation Into Rates, Charges, and Practices of Pacific Gas and Electric Company.

Investigation 95-02-015
(Filed February 22, 1995)

OPINION REGARDING TOTAL COMPENSATION STUDY

1. Summary

Pacific Gas and Electric Company (PG&E) has filed a petition for modification of Decision (D.) 00-07-050 in which it requests authority to present a full compensation study in its next general rate case (GRC). This decision grants the petition.

2. Background

D.00-02-046 resolved most issues in PG&E's Test Year (TY) 1999 GRC. Among other things it ordered PG&E to file a TY 2002 GRC in accordance with the Rate Case Plan. D.00-07-050 modified D.00-02-046 by allowing PG&E to file the TY 2002 GRC on a schedule delayed by nine months. By D.01-10-059 dated October 25, 2001, the Commission resolved a January 25, 2001 petition of PG&E to modify D.00-07-050 by directing PG&E to file for a TY 2003 GRC.

On July 20, 2001, PG&E filed a second petition to modify D.00-07-050. In the latter petition, PG&E requests that the Commission allow PG&E to present a new total compensation study as part of its GRC showing. PG&E represents that it is authorized to state that the Office of Ratepayer Advocates (ORA) supports this request. No party has responded to the petition.

3. Discussion

In D.00-07-050, we adopted several measures to expedite processing of PG&E's TY 2002 GRC. (D.00-07-050, Finding of Fact 7.) One such measure was to have PG&E adjust the results of the compensation study from A.97-12-020 for use in the TY 2002 GRC. (*Id.*)

Although we had hoped to streamline the processing of PG&E's next GRC by authorizing the use, with adjustments, of the compensation study used for the

previous GRC, PG&E has shown that there are significant methodological problems associated with doing so. With the shift to a later test year, it is particularly appropriate for PG&E to present a new total compensation study. The earlier study was based on data collected in 1996 and 1997, and using it would require aging or trending certain data over four years old to be current. Adjusting this out-of-date data to determine whether PG&E's current total compensation is reasonable for use in PG&E's next GRC would raise a number of issues about the validity of any result. There is no assurance that adjusting the previous compensation study would expedite PG&E's next GRC. We therefore approve PG&E's request.

PG&E states that it has worked closely with ORA with respect to the total compensation study. We commend such collaboration and urge the parties to continue their efforts in this respect.

This is an uncontested matter in which the decision grants the relief requested. We find that it is reasonable to waive public review of and comment on the draft decision in accordance with Rule 77.7(f)(2) of the Rules of Practice and Procedure.

Findings of Fact

1. Adjusting out-of-date data to determine whether PG&E's current total compensation is reasonable for use in PG&E's next GRC would raise a number of issues about the validity of any study result.
2. There is no assurance that adjusting the previous total compensation study that was used in the TY 1999 GRC would expedite PG&E's next GRC.

Conclusions of Law

1. PG&E's July 20, 2001 petition for modification of D.00-07-050 should be granted.

2. This order should be effective today to allow PG&E to begin its new compensation study expeditiously.

O R D E R

IT IS ORDERED that:

1. Pacific Gas & Electric Company's (PG&E) July 20, 2001 petition for modification of Decision (D.) 00-07-050 is granted.
2. D.00-07-050 is modified to delete references to the filing of an adjusted compensation study.
3. In its next general rate case, PG&E may file a new total compensation study incorporating more recent data.

This order is effective today.

Dated _____, at San Francisco, California.